

VERMONT STATE EMPLOYEES' RETIREMENT SYSTEM
Meeting of the Board of Trustees – In-House Meeting
August 14, 2014

VSERS Members present:

Kevin Gaffney, Chairperson, VSEA Representative (term expiring September 1, 2015)
Roger Dumas, Vice-Chairperson, VSEA Representative (term expiring September 1, 2014)
Jeff Briggs, VSEA Representative (term expiring September 1, 2014)
Thomas Hango, VSEA Alternate (term expiring September 1, 2015) – via telephone
Allen Blake, VRSEA Alternate Representative (term expiring September 1, 2014)
James Reardon, Commissioner of Finance & Management (ex-officio)
Elizabeth Pearce, VT State Treasurer

Members absent:

Paul White, Jr., VSEA Representative (term expiring September 1, 2014)
Kate Duffy, Commissioner of Human Resources (ex-officio)
Richard Johannesen, Governor's Delegate (ex-officio)

Also attending:

Laurie Lanphear, Director of Retirement Operations
Joshua McCormick, assistant to Nancy Dimick
Christine Hetzel, Acting Commissioner of DHR
Karl Kroner, Chip Sanville, Valerie Baker, Great West Retirement Services
John Piper, Brendan Morrison, Nationwide Insurance
Amy Hile

The Chairperson, Kevin Gaffney, called the Thursday, August 14, 2014, meeting to order at 9:04 a.m., which was held in the Large Treasurer's Conference Room, Fourth Floor, 109 State Street, Montpelier, VT.

ITEM 1: Approve the Minutes of:

- **July 10, 2014**

On motion by Mr. Briggs, seconded by Mr. Dumas, the Board voted unanimously to approve the minutes of July 10, 2014, as submitted.

ITEM 2: Discuss/act on disability retirement recommendation for:

- **Kathryn Chaffee**
- **Mary Gerdt**
- **Robert Thompson**

On motion by Mr. Briggs, seconded by Mr. Dumas, the Board voted to accept the recommendation of the MRB to allow the disability retirement for Kathryn Chaffee, with no review. The motion carried.

On motion by Mr. Dumas, seconded by Mr. Briggs, the Board voted to accept the recommendation of the MRB to allow the disability retirement for Mary Gerdt, with no review. The motion carried.

On motion by Mr. Briggs, seconded by Mr. Dumas, the Board voted to accept the recommendation of the MRB to allow the disability retirement for Robert Thompson, with a one year review. The motion carried.

ITEM 3: Great West Presentation

Mr. Kroner presented the quarter two numbers for the State of Vermont 457 Plan to the members of the board. Mr. Kroner said there was a 3.8% increase over the last quarter and plan assets have increased 18% over the last year. He then mentioned that although value went down in quarter one with Pax World, quarter two saw a big jump. Mr. Kroner stated this is a good example of why folks investing should ride out the storm with certain groups.

Mr. Kroner then mentioned that Great West is seeing more participants in the 25 and under age group, going from 18%, up to 26% being enrolled. Currently, there is \$1.7 million dedicated to the ROTH Contribution. Ms. Pearce then indicated to Mr. McCormick to work with Lisa Helme on the next newsletter to have a piece about the ROTH program. Mr. Kroner then mentioned it might be a good idea to invite a colleague for the next in-house meeting to speak more about the ROTH program.

Some other highlights from Mr. Kroner include:

- Plan Participation is growing with State and Municipal employees
- Payment Distribution in Quarter 2 was 4.1 million (down from 4.4 million in Quarter 1)
- 1,177 people in Quarter 2 used the website
- There are 1173 individuals using managed accounts
- VSTRS renewed their membership with Great West
- Great West continues to get the highest ratings.

Ms. Pearce mentioned that she would like to see a list of retiree's vs active employees that have accounts with Great West and what retirees are doing with their money. It will be looked at into by the retirement office and they will look at all 3 systems.

Mr. Sanville then spoke about some of the quarter two findings. He stated that there are 37 new managed accounts, 106 members increased their contributions, and there were \$806K in roll-ins this quarter.

(Mr. Reardon left the meeting at this time)

Mr. Dumas mentioned that retirees "can roll-in but cannot contribute" and mentioned that should be an article on the next newsletter.

Ms. Baker then joined the Great West presentation. Her highlights included:

-PAX Global Environment Fund specifically looks for companies and stocks that are actually helping the environment. This and the Sharpe ratio are contributing to the low rating from Morning Star. Ms. Baker is working on a comparison of PAX vs other SRI's and states that PAX is one of the best of this type of category. She is hopeful that the 2 star rating will improve.

-PAX World Balanced fund is a moderate to aggressive fund and Morning Star just shifted them to another category which does explain their low morning star rating.

-Dodge and Cox balance is a good news story. They have vastly improved and now have a 4 star rating.

-T. Rowe Price is doing extremely well.

ITEM 4: Gather questions about disability process

Ms. Pearce stated that the Retirement office is engaged with the AAG's office to come up with a process for disability cases that come up for review and then need to be denied disability. This is a tough process because if someone is denied, how do we go about getting someone back in the workforce? She also stated that Ms. Lanphear has been in contacts with other states about their disability process and other states are having this same problem.

Ms. Pearce said the goal was to have the process be fair across the board. The statutes have very different language and it might create challenges. As of right now, Mr. McCormick is collecting any questions that anyone may have concerning the disability process. Ms. Pearce then said we are looking to have an update in the fall.

ITEM 5: Discuss/Elect VSERS alternate member for VPIC

On motion by Mr. Dumas, seconded by Mr. Hango, the board voted to elect Jeff Briggs as the Alternate VSERS Representative for VPIC with that term expiring on 6/30/2018 (position vacated by Mr. Gaffney)

ITEM 6: Any other business to be brought before the board

Ms. Pearce noted that David Star has now taken over for Richard Johansen's VPIC position. She also stated that the Governor's office has not made a decision with Richard Johansen's VSER's Board spot.

ITEM 7: Adjournment

On motion by Mr. Dumas, seconded by Ms. Pearce, the Board unanimously voted to adjourn at 10:27 a.m.

Next Meeting Date:

The next scheduled VSERS meeting is a Conference call meeting on Thursday, August 14, 2014 at 9:00 a.m.

Respectfully submitted,

Nancy Dimick
Secretary to the Board